

**Lawrence Berkeley National Laboratory
Contract Assurance Council
Minutes of the Quarterly Meeting**

**Wednesday, August 15, 2007
University of California—Office of the President
Franklin Building, Room 9204**

CAC members or representatives present:

Bob Foley	Anne Broome	John Layton
Bob Van Ness	Patrick Reed	Larry Coleman
John Birely	John Oakley	
Buck Koonce	Judy Boyette	
Gary Falle for Bruce Darling, by phone	Bill Eklund for Jeff Blair Al Diaz	

UCOP Staff:

Jim Hirahara	Ron Nelson, by phone
Sharon Eklund	Sandy Vinson

Guest participants:

Sandy Merola, LBNL	John Chernowski, LBNL	Rosemary Lowden, LBNL
Jim Krupnick, LBNL	Rosio Alvarez, LBNL	
Jeffrey Fernandez, LBNL		

Welcome/Action Items

Bob Foley welcomed members and guests to the Contract Assurance Council (CAC) quarterly meeting. Jim Hirahara reviewed the open action items:

- Items 28 and 29—Jeffrey Fernandez will report on these items at this meeting.
- Item 30—Hirahara reported that there are currently no matching funds available from the UC President's discretionary facilities funds for an LBNL childcare facility. Jim Krupnick agreed to look into availability of space at the new UCB childcare facility.
- Item 31—Chernowski reported that Howard Hatayama contacted Grace Crickette, UCOP, and learned that site-wide risk-management software is not yet available as she is awaiting contract award. This action item will be closed. In a new related action item, John Chernowski will discuss at a future meeting the risk assignment methodology LBNL utilizes in their Issues Management Program.
- Item 32—Chernowski reported that the McCallum-Turner inspection team would return in FY08 to validate progress on the seven key corrective actions. This item also was intended to address the possibility of third-party reviews of ES&H technical programs in lieu of internal reviews, as Hatayama was concerned about potential conflict of interest among his staff. However, Hatayama has determined that the current external forms of assurance, such as periodic peer reviews and DOE

Operational Awareness reviews, combined with the newly developed ES&H Technical Assurance internal reviews, sufficiently address this concern. Chernowski and Hatayama will provide clarification at the September CAC Meeting to close this item.

Hirahara explained that since Council members proposed no changes to the minutes of the July CAC meeting, the Council should consider the minutes final as distributed.

IT Initiatives

Rosio Alvarez, LBNL Chief Information Officer (CIO), discussed the LBNL FY08 information technology (IT) priorities, stating that extending scientific research computing is the first priority. She explained that her team is working to radically reduce the footprint (thereby increasing the cooling demands) of the current data center equipment—which includes some 20-year-old coolers and about 1400 servers, a number of which are “dead” or were never put into production—while increasing the availability of science clusters. (The large number of servers is a result of centralizing equipment from various Laboratory organizations.) Lab engineers are studying means of improving cooling capacity for the center. The Lab estimates the cost of building a new 5000 square foot data center to house the equipment to be roughly \$1000 per square foot, and they are seeking ways to reduce the footprint while improving cooling for a considerably lower cost. The need for high-level cooling results in part from the densely packed equipment racks utilized in high performance computing (HPC). (HPC should not be confused with supercomputing performed at the National Energy Research Scientific Computing Center housed in the 20th Street facility.) Principal Investigators frequently receive funds to purchase HPCs (there are roughly 35 clusters now) that support the requirements of certain kinds of research. Other researchers are interested in “buying space” on clusters, some of which are currently only 60 to 70% utilized. LBNL is considering both purchasing an institutional HPC and applying tools they have developed internally to identify available time on the current clusters. The Lab has also been working with UCB to install the same toolkit on campus. They may be able to offer UCB researchers some cluster support, provided they can overcome administrative barriers to receiving payment from UCB. The cost to the researcher of the LBNL-provided cluster time would be \$.05 to \$.10 per CPU hour versus \$.80 to \$1.00 per CPU hour if the researcher rented processing time elsewhere.

Rosemary Lowden, LBNL head of the IT User Support Department, discussed workstation standardization and centralization. The LBNL strategy is based on an estimated three-year lifetime for laptops and four-year lifetime for desktops. The total cost of ownership of a single workstation is \$4.5K, with half being hardware cost and half user cost. LBNL backs up most desktops automatically. They are still calculating real savings, which could be more than \$500K.

Supply Chain Initiative

Signature Authority Review

Lab/Campus Overhead Issue Status

Jeffrey Fernandez reported that as of March 2007, nearly two years into the new contract, the Lab is on track toward the \$30M target for savings. The underlying assumptions for achieving the goal are optimistic. LBNL does take part in UC system-wide contracts when there is a financial advantage to the Lab, and they are employing competitive contracting. They received the DOE Small Business Advancement Award in recognition of outstanding performance for the highest overall dollars and percentage increases in small business contracting. Not only has eBuy resulted in savings in purchasing and accounts payable, but it also supports built-in controls that are more effective than controls associated with P-cards. LBNL decided to use 60-day rather than 30-day pilots. Anne Broome would like to compare the prices against those in UC's big contracts.

The signature authority review involves an annual re-evaluation of who should have what delegations and authority. LBNL is in the process of instituting a number of improvements, and Fernandez told the Council he would report on progress following the first year of new process operations.

Fernandez provided some background on the Lab/UCB overhead differences. The Council agreed that there is a need for follow-on briefings on this subject to better understand potential issues. There was recognition that a basic layperson's understanding of accounting standards, as well as differences in how overhead is defined and managed at the Lab versus the campus, would be beneficial for some of the Council members. Plans to have such informational sessions off-line from the CAC meetings were discussed.

Science Laboratory Infrastructure Project

Sandy Merola suggested postponing this discussion until the next Council meeting due to lack of time and the need to provide a timely briefing on the next topic.

East Bay Municipal Utility District (EBMUD) Water Tank

Merola explained that every site EBMUD is examining belongs to UC, and he anticipates that the eventual outcome may be a proposed land "swap." Sites 3 and 4 are not buildable, Site 6 has been eliminated from consideration, and LBNL declined on Sites 1 and 2. Merola reported that Site 5 would not be an impossible location, and Site 7 is in the UCB Botanical Garden. Actually, a land swap is attractive to UCB. Merola agreed to look into the possibility of constructing an underground tank, but the many shipments of excavated dirt would likely preclude that possibility.

Action Items:

#	Responsible Party	Action	Date Added	Status
28	Chernowski LBNL	Review all changes in the signature authority-related systems	01/10/07	Closed—presented on 8/15
29	Fernandez LBNL	Determine if work is performed in UCB space that is required to be performed at the Lab, in violation of contract or appropriation provisions. (Using Contract 31 funding to perform work in UCB lab space [rather than in more costly LBNL space] does not constitute a cost accounting standard violation.)	01/10/07	Closed—presented on 8/15
30	McGraw LBNL	Contact UCOP regarding availability of matching funds for a childcare facility	04/18/07	Closed—presented on 8/15
31	McGraw LBNL	Contact Grace Crickette, UCOP, regarding the availability of site-wide risk-management software	04/18/07	Closed—presented on 8/15
32	Hatayama LBNL Chernowski Hatayama LBNL	Explore with BSO the possibility of using third-party validation of the key seven CAs Propose closure at September CAC Meeting after clarification	04/18/07	OPEN¹
33	Fernandez LBNL	Report effectiveness of changes to and controls on signature authorities	08/15/07	OPEN
34	Fernandez LBNL	Provide further discussion on Lab/UCB overhead issues	08/15/07	OPEN
35	Krupnick LBNL	Contact UCB about available space in the new UCB childcare facility	08/15/07	OPEN
36	Chernowski LBNL	Provide discussion of the risk assignment methodology LBNL utilizes in the Issues Management Program	08/15/07	OPEN

¹ Anticipate closing this item at September CAC Meeting following clarification